

The Directors are pleased to present their management statement and the unaudited condensed consolidated financial statements for the six months ended 31st December, 2000.

### INTERIM RESULTS

In the six months ended 31st December, 2000, the Group recorded a turnover of HK\$224,550,000 showing a rise of about 24% as compared to the previous corresponding period. The turnover was primarily derived from the sales proceeds of the high-quality residential development known as Chaoyang Garden in Beijing. However, due to increasing competition in the Beijing property market, the profit from operations was slightly reduced by about 6% totalling HK\$21,835,000, as compared to HK\$23,262,000 in the last corresponding period. The contributions to operating profit for the period from property sales in Beijing and rental income in Hong Kong were about HK\$12,693,000 and HK\$7,454,000 respectively. Net profit and earnings per share for the period amounted to HK\$12,444,000 and 5.68 Hong Kong cents respectively, as compared to HK\$21,162,000 and 9.66 Hong Kong cents in the previous corresponding period.

### INTERIM DISTRIBUTION

The Directors have declared an interim distribution of 2 Hong Kong cents (1999: 2 Hong Kong cents) per share for the six months ended 31st December, 2000 to all shareholders whose names appear on the register of members of the Company on 27th April, 2001. The warrants for such distribution are expected to be despatched to those entitled on or about 8th May, 2001.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 23rd April, 2001 to Friday, 27th April, 2001, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim distribution, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Friday, 20th April, 2001.



## BUSINESS REVIEW AND PROSPECTS

### **Chaoyang Garden**

In the period under review, the third residential tower of Chaoyang Garden was completed and delivered. Overall more than 90% of the units making up the three residential towers of Phase I has been sold.

Foundation works for Phase II comprising four residential towers have commenced since the last quarter of year 2000 and pre-sale thereof is scheduled to start this summer.

With a positive market sentiment arising from China's imminent entry to WTO and the burgeoning middle class in Beijing, the city-wide demand for high-end apartments is expected to remain fairly strong for the next few years. Phase I of Chaoyang Garden, having established itself as a true benchmark of quality, will stand us in good stead to take advantage of the expected increase in demand for Phase II.

### **Dynamic Cargo Center**

During the period, resurgent import/export activities in Hong Kong have helped to stabilize rent rates and improve occupancy level for Dynamic Cargo Center. Almost all warehousing spaces of the Group's interests in Dynamic Cargo Center approximately 720,000 square feet were fully let.

Increase in supply of new warehousing spaces in the Tsuen Wan/Kwai Chung area has stopped and import/export activities in Hong Kong are on an uptrend thus bringing about a steady increase in demand of warehousing spaces. The Directors believe that the Group will enjoy a high occupancy rate as well as an improvement in rental income from Dynamic Cargo Center in the coming years.

### **Tung Kok Tau**

Negotiations for the Group to acquire 100% control of the redevelopment project at Tung Kok Tau, Shenzhen are continuing. Although significant progress has been made, such negotiations have been further delayed by a recent change in management of its Chinese partner.



In Shenzhen, the vast improvement of infrastructure developments and living environment over the past few years has made it an increasingly attractive city to live in. This, coupled with easy property mortgage facilities offered by both domestic and foreign banks, has brought the property market to a new height. This is also reflected by an increasing presence of large Hong Kong developers in the city. Given its prime location, the Tung Kok Tau site will be a focal development point in Shenzhen downstream. Barring any unforeseen circumstances, the Directors expect that the ongoing negotiations with its Chinese party concerned will be concluded within the year.

### FINANCIAL POSITION

The financial position of the Group remains healthy and liquid. At 31st December, 2000, the total shareholders' fund of the Group amounted to HK\$789,984,000, compared to HK\$781,493,000 as at 30th June, 2000. Total sum of bank borrowings of the Group was HK\$216,471,000 as at 31st December, 2000, which was short- and medium-term loans repayable within three years at average interest rate of about 8% per annum. Accordingly, the debt-to-equity ratio of the Group at 31st December, 2000 was about 27%, in contrast to about 33% at 30th June, 2000. As at 31st December, 2000, the Group pledged certain of its assets, including investment properties with an aggregate carrying value of HK\$520,000,000 and deposited its rental income from its investment properties to the banks to secure general banking facilities granted to the Group.

In the period, sufficient cash balance and cashflow were generated by sales proceeds of Chaoyang Garden and rental income of Dynamic Cargo Center. As at 31st December, 2000, the Group's borrowings and cash balances were primarily denominated in Hong Kong dollars and Renminbi yuans while the cash and bank balance was HK\$151,928,000, compared to HK\$91,570,000 as at 30th June, 2000. No significant exposure to foreign currency fluctuations has affected the Group for the period. The funding requirements for development projects of Chaoyang Garden and redevelopment of Tung Kok Tau are intended to be financed by internal resources, bank borrowings and such financing as the Directors may think expedient.



**DIRECTORS’ OR CHIEF EXECUTIVES’ INTERESTS IN SHARES**

As at 31st December, 2000, the interests of the Directors, chief executives and their associates in the ordinary shares of the Company as recorded in the register of the Company required to be kept under Section 29 of the Hong Kong Securities (Disclosure of Interests) Ordinance (the “SDI Ordinance”) were as follows:

Name of Directors	Number of ordinary shares held	
	Personal interests	Corporate interests
Chua Domingo ( <i>Note</i> )	3,000,000	89,321,279
Pang Kit Man, John	1,000,000	—

*Note: The corporate interests of Mr. Chua Domingo were held through Carnation Investments Inc. and Dynamic Development Corporation.*

Save as disclosed above, none of the Directors, chief executives and their associates had any personal, family, corporate or other interests (whether beneficial or non-beneficial) in the equity or debt securities of the Company or its associated corporations as defined under the SDI Ordinance as at 31st December, 2000, and none of them was granted or had exercised any right to subscribe for any securities of the Company during the period.

**SUBSTANTIAL SHAREHOLDERS**

Other than the interests disclosed above in respect of the interests of Mr. Chua Domingo, the register maintained by the Company under Section 16(1) of the SDI Ordinance shows no other person who was interested in the shares representing 10% or more of the issued capital of the Company as at 31st December, 2000.



## **DISCLOSURE PURSUANT TO PRACTICE NOTE 19**

The Group has entered into certain loan agreements for the banking facilities which require the controlling shareholder of the Company, Mr. Chua Domingo, to maintain his controlling interest in the Company. Otherwise, the banking facilities may be immediately due and payable. The loans granted to Yonderille Developments Limited, a wholly-owned subsidiary of the Company, amounted to HK\$174,800,000.

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied throughout the six months ended 31st December, 2000 with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

## **AUDIT COMMITTEE**

The Audit Committee of the Company has reviewed with the management the accounting practices and principles adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of this interim report.

By Order of the Board  
**Pang Kit Man, John**  
*Chief Executive Officer*

Hong Kong, 23rd March, 2001